

THE COMMISSION'S KEY RECOMMENDATIONS

The Commission believes that 10 of its 44 recommendations to Congress are of particular significance. These are presented below in the order in which they appear in the Report. The complete list of 44 recommendations appears at the Report's conclusion, on page 205.

- ***Pressing a WTO case against China's IPR violations***—The Commission recommends that Congress urge the U.S. Trade Representative to press ahead aggressively with a WTO case against China for its manifest failures to enforce intellectual property rights, selecting the best of many potential cases in order to establish a strong precedent, and that Congress urge the U.S. Trade Representative to enlist other nations to join in the case. *(Chapter 1)*

- ***Securing China's cooperation to end genocide in Darfur—***The Commission recommends that Congress urge the Administration to seek direct dialogue and cooperation with China with regard to securing a resolution to the conflict in the Darfur region of Sudan that will halt the genocide occurring there and provide security and basic human rights for the affected population. Congress should instruct the Administration to report semiannually on China's actions in Sudan and any progress that has been made through dialogue with China. (*Chapter 2*)
- ***Facilitating Taiwan's participation in international organizations—***The Commission recommends that in response to China's efforts to isolate Taiwan, Congress encourage the Administration to implement a long-term policy to facilitate Taiwan's participation in international organizations and activities for which statehood is not a prerequisite, such as the World Health Organization, the Community of Democracy, the Proliferation Security Initiative, and other multilateral public health, counterproliferation, counterterrorism, and economic organizations as appropriate. Congress should instruct the Administration to report annually on its actions to ensure that Taiwan is not isolated in the world community. (*Chapter 2*)
- ***Inspecting North Korean ships at sea and containers in Chinese ports—***The Commission recommends that Congress urge the Administration to seek agreement with China to carry out inspections at sea of ships bound to or from North Korean ports and establish a U.S.-China joint operation to inspect for contraband all shipping containers being moved to or from North Korea when they pass through Chinese ports, in fulfillment of the obligations under U.N. Security Council Resolution 1718 to prevent the sale or transfer of missiles, and nuclear and other weapons-related materials and technologies, to and from North Korea. (*Chapter 2*)
- ***Permitting sanctions against Chinese parent companies of proliferating subsidiaries—***The Commission recommends that current sanctions against Chinese companies that proliferate equipment and technology related to weapons of mass destruction and their delivery systems be broadened and harmonized for increased effectiveness. The Commission recommends that Congress expand current sanctions regimes to extend penalties to the Chinese parent company of a subsidiary that engages in proliferation activities, regardless of the parent company's knowledge of or involvement in the problematic transaction. Access to U.S. markets (including capital markets), technology transfers, and U.S. government grants and loans should be restricted from proliferating companies and their Chinese parent companies and related subsidiaries irrespective of the related firms' knowledge of the transfers in question. (*Chapter 2*)
- ***Insisting China fulfill its obligations under U.N. Resolutions sanctioning North Korea for proliferation—***The Commission recommends that Congress instruct the Administration to insist that China fulfill its obligations under U.N. Security Council Resolutions 1695 and 1718 and take more significant

measures to denuclearize the Korean peninsula and counter North Korean proliferation activities. The Congress should further instruct the Administration to report semiannually about specific actions the Chinese government has taken in this regard. (*Chapter 2*)

- ***Conducting a strategic dialogue about the use of space***—The Commission recommends that Congress direct the Administration to engage in a strategic dialogue with China on the importance of space surveillance, the military use of space, and space weapons. Such a dialogue should include strategic warning and verification measures. (*Chapter 3*)
- ***More effectively assessing China's military modernization***—The Commission recommends that Congress instruct the Director of National Intelligence, working with the Department of Defense, to formulate and establish a more effective program for assessing the nature, extent, and strategic and tactical implications of China's military modernization and development. (*Chapter 3*)
- ***Tracing supply chains of critical weapons systems***—The Commission recommends that Congress require the U.S. Department of Defense to trace the supply chains of all components of critical weapons systems. (*Chapter 4*)
- ***Prohibiting U.S. companies from disclosing information about Chinese users or authors of online content***—The Commission recommends that Congress prohibit disclosure by U.S. companies to the Chinese government, in the absence of formal legal action by the Chinese government, of information about Chinese users or authors of online content. Congress should require that where a U.S. company is compelled to act, it shall inform the U.S. government. A compilation of this information should be made publicly available semi-annually. (*Chapter 6*)

ENDNOTES

1. U.S. Trade Representative, *2006 National Trade Estimate; Foreign Trade Barriers*, (Washington, DC: March 2006), p. 92.
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3. First Global Conference on Combating Counterfeiting, May 25-26, 2004, cited in U.S. Chamber of Commerce, *Countering Global Counterfeiting and Piracy*, Summer 2006, p. 6.
4. Ted Fishman, "How to Stop Intellectual Property Theft in China," *Inc. Magazine*, June 2006. www.inc.com/magazine/20060601/ip-theft.html
5. U.S. Trade Representative, *2005 Special 301 Report*. www.ustr.gov/assets/Document_Library/Reports_Publications/2005/2005_Special_301/asset_upload_file19577636.pdf.
6. U.S. Trade Representative, *2005 Special 301 Report*. www.ustr.gov/assets/Document_Library/Reports_Publications/2005/2005_Special_301/asset_upload_file19577636.pdf.
7. Department of Homeland Security, U.S. Customs and Border Protection, and U.S. Immigration and Customs Enforcement, *FY2005 IPR Seizure Statistics*, p. 5. http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ipr/seizure/fy05_midyear_stats.ctt/fy05_ipr_midyear.pdf.
8. "counterfeit drugs cost the global pharmaceutical industry US\$32bn a year ... a significant proportion of these counterfeits originate in China." PriceWaterhouseCoopers, *Investing in China's Pharmaceutical Industry*, March 2006, p. 5.

9. Senate Committee on Commerce, Science and Transportation, *Piracy and Counterfeiting in China*, Testimony of Franklin J. Vargo, March 8, 2006.
10. Wayne M. Morrison, *China-US Trade Issues*, (Congressional Research Service, Washington DC: May 16, 2006), p. 10. www.usembassy.at/en/download/pdf/china_trade.pdf.
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13. "Main characteristics of China's Foreign Policy," Embassy of the People's Republic of China in the United States of America. www.china-embassy.org/eng/zmgx/zgwjzc/t35077.htm.
14. Jin Liangxiang, "Energy First—China and the Middle East," *Middle East Quarterly*, vol. 12, iss. 2 (Spring 2005). www.meforum.org/article/694.
15. U.S. Department of Energy, Energy Information Administration, *Country Analysis Briefs: China*, (Washington, DC: Updated August 2006). www.eia.doe.gov/emeu/cabs/China/Full.html.
16. U.S. Department of Energy, Energy Information Administration, *Country Analysis Briefs: China*, (Washington, DC: Updated August 2006). www.eia.doe.gov/emeu/cabs/China/Full.html. See also U.S. Congress, *Energy Policy Act 2005, Section 1837: National Security Review of International Energy Requirements*, report prepared by U.S. Department of Energy, (February 2006), p. 4.
17. For more information on Chinese use of network-centric warfare to attack carrier battle groups, see Zhang Kaide and Zhao Shubin, "Shimin Daji Zhihui Kongzhi Jishu Chutan" ("The Command and Control Technology of Time Critical Strikes"), *Zhihui Kongzhi yu Fangzhen (Command and Control Simulation)* 8, No. 2 (April 2006), pp. 1–5. Also see, Nie Yubao, "Daji Haishang Di Da Jian Jianting Biandui de Dianzi Zhan Zhanfa" ("Current Methods for Electronic Warfare Attacks on Heavily Fortified Naval Formations"), *Wo Jun Xinxì Zhan Wenti Yanjiu (Research on Questions about Information Warfare)*, (National Defense University Press, Beijing: 1999).
18. D. Leiker, K. Schicker, D. Tsui, *Crusin'—An In-depth Look at the Chinese Auto Industry* (Robert W. Baird & Co. Incorporated: June 2006), p.6.